**COMET - Pension System Resumption (PSR) Project
Implementation Phase**

IT Project Governance Process

June 19, 2008

BACKGROUND

According to the results of our 2007 Employee Opinion Survey, we do many things well – products, services, employee recognition, and a quality work environment. However, workload management continues to be a concern among our staff. There is an underlying perception among staff at all levels that the current and increasing workload will impact customer service levels and the quality of our work.

Additionally, CalPERS is making a significant investment in the future of our organization with the development of PSR and implementation of ETM. We are changing the way we do business by building new workflows and processes, retiring numerous Legacy systems, creating a single source of corporate data, and realigning organizational responsibilities to function within the new environment. It is imperative that we maintain our focus to ensure that we successfully complete these projects and realize the benefits promised.

Specifically, we propose that effective July 1, 2008, all requests for new projects and system enhancements be reviewed and approved by CalPERS Executive staff.
As always CalPERS remains committed to honor any development or enhancements needed as a result of legislative mandates, annual requirements (e.g., Open Enrollment), and production environment defects.

WHY PROJECT GOVERNANCE?

In order to mitigate risk to PSR and ensure CalPERS has the right level of staff resources allocated and technical environments available to meet project schedule demands, it is imperative that CalPERS manage its workload. Adopting an executive level decision-making process focused on new initiatives will allow CalPERS to do the following:

- Manage workload to relieve over extended resources
- Reduce risk to PSR implementation by:
  - o Stabilizing CalPERS Legacy Environments for PSR interface
  - o Ensuring CalPERS staff are available to participate in the design and development of PSR
  - o Ensuring CalPERS staff are available to participate in the training required for successful transition to PSR
- Maximize benefits (return) on IT Investments
- Focus on only those projects that are essential for the success of PSR and the ongoing day to day operations of CalPERS
- Reconsider project requests that have short-term value

What is Included within the Scope of Project Governance?

The scope of the project governance process includes:

- <u>All</u> New Project Initiatives involving a technology solution and/or IT resources
- <u>All</u> System/Application Enhancements

  Note: CalPERS remains committed to resolving production defects and system failures in the shortest time possible

What is the Criteria for Governing Project Approval?

Following is the list of criteria against which each request will be reviewed:

- **Legislative Mandates required prior to PSR go live -** Legislative bills that would impact automated systems where a manual workaround would not suffice and the changes significantly impact the services CalPERS provides

- **Court Mandates required prior to PSR go live** - Decisions that would impact automated systems where a manual workaround would not suffice and the changes significantly impact the services CalPERS provides

- **IRS Compliance required prior to PSR go live** - Compliance actions that would impact automated systems where a manual workaround would not suffice and the changes significantly impact the services CalPERS provides

- **Investment Initiatives** that:
  - Prevent financial risk or loss
  - Provide significant investment opportunities

- **Security Risks/Threats** - CalPERS or CalPERS-entrusted data is at great risk

- **Production System Outage/Failure** Prevention - System defects and imminent or potential hardware failure issues that would impact CalPERS ability to conduct business or result in a financial risk

- **Critical for Implementation of PSR** - New technology solutions or enhancements to systems that are required to support the PSR solution

- **Other** - for those things that just make good business sense to do

What is the Project Governance Process?

In an effort to keep the additional workload to a minimum and ensure timely consideration of all requests, staff will prepare concept papers to document their request and identify it meets the critical governance criteria.. All requests for new project initiatives and system enhancements will be carefully reviewed by both the Business Owners Committee and CalPERS Executive staff.   On a weekly basis, Executives will review and approve/disapprove all concepts submitted. Only those requests that meet the critical criteria listed above will be approved for further analysis. If approved to go forward, staff will perform a full impact analysis and submit findings back to Executive staff for final decision.

Staff will keep a log of all requests submitted and the disposition of each. Executive staff will report back to the Board the results of any impact analysis triggered by a Board request. Where timing is critical to a decision, Executive staff may transmit findings via Flash Fax.